

knew that JLE's license had been revoked, knew that the NRC had requested a formal response to a Notice of Violation, and knew it was submitting information to influence the NRC to grant it a new license, provided inaccurate information in response to a Notice of Violation and in obtaining a license from the Commission. In light of the above and regulatory significance of the submittals, the staff concludes that the submittal of this false information, if not deliberate, was in careless disregard of Commission requirements. Further, based on the correspondence and co-ownership of JLE and the JLT, the NRC concludes that Mr. and Ms. Boschuk, co-owners of the JLT, are responsible for compliance with NRC requirements.

The NRC must be able to rely on the Licensee and its employees to comply with NRC requirements, including the requirement to provide information that is complete and accurate in all material respects. The Licensee, through its representatives, has demonstrated an unwillingness or inability to comply with NRC requirements. The Licensee's misrepresentations to the NRC, as well as its actions in violating other NRC requirements, have raised serious doubt as to whether it can be relied upon in the future to provide complete and accurate information to the NRC or to comply with NRC requirements.

Consequently, I lack the requisite reasonable assurance that the Licensee's current operations can be conducted under License No. 37-26442-02 in compliance with the Commission's requirements and that the health and safety of the public, including the Licensee's employees, will be protected if the Licensee is permitted to conduct licensed activities at this time. Therefore, the public health, safety, and interest require that License No. 37-26442-02 be suspended, with the exception of certain requirements enumerated in Section IV below pending the completion of the investigation. Furthermore, pursuant to 10 CFR 2.202, I find that in light of the willfulness of the Licensee's conduct, the public health, safety, and interest require that this Order be immediately effective.

IV

Accordingly, pursuant to sections 81, 161b, 161i, 161o, 182 and 186 of the Atomic Energy Act of 1954, as amended, and the Commission's regulations in 10 CFR 2.202 and 10 CFR Part 30, It is hereby ordered, effective immediately, that License No. 37-28442-02 is suspended as follows:

Pending further investigation and Order by the NRC:

A. All NRC-licensed material in the Licensee's possession shall be placed in locked storage.

B. The Licensee shall suspend all activities under its license to use or transfer licensed material. The Licensee shall provide prior notice to the NRC, Region I before transferring the sources. All other requirements of the license remain in effect.

C. The Licensee shall not receive any NRC-licensed material while this Order is in effect.

D. All records related to licensed activities must be maintained in their original form and must not be removed or altered in any way.

The Regional Administrator, Region I, may, in writing, relax or rescind any of the above conditions upon demonstration by the Licensee of good cause.

V

In accordance with 10 CFR 2.202, the Licensee must, and any other person adversely affected by this Order may, submit an answer to this Order, and may request a hearing on this Order, within 20 days of the date of this Order. Where good cause is shown, consideration will be given to extending the time to request a hearing. A request for extension of time must be made in writing to the Director, Office of Enforcement, and include a statement of good cause for the extension. The answer may consent to this Order. Unless the answer consents to this Order, the answer shall, in writing and under oath or affirmation, specifically admit or deny each allegation or charge made in this Order and shall set forth the matters of fact and law on which the Licensee or other person adversely affected relies and the reasons why the Order should not have been issued. Any answer or request for hearing shall be submitted to the Secretary, U.S. Nuclear Regulatory Commission, Attn: Chief, Docketing and Service Section, Washington, DC 20555. Copies also shall be sent to the Director, Office of Enforcement, U.S. Nuclear Regulatory Commission, Washington, DC 20555, to the Assistant General Counsel for Hearings and Enforcement at the same address, to the Regional Administrator, NRC Region I, 475 Allendale Road, King of Prussia, Pennsylvania 19406-1415, and to the Licensee, if the answer or hearing request is by a person other than the Licensee. If a person other than the Licensee requests a hearing, that person shall set forth with particularity the manner in which his or her interest is adversely affected by this Order and

shall address the criteria set forth in 10 CFR 2.714(d).

If a hearing is requested by the Licensee or a person whose interest is adversely affected, the Commission will issue an Order designating the time and place of any hearing. If a hearing is held, the issue to be considered at such hearing shall be whether this Order should be sustained.

Pursuant to 10 CFR 2.202(c)(2)(i), the Licensee, or any other person adversely affected by this Order, may, in addition to demanding a hearing, at the same time the answer is filed or sooner, move the presiding officer to set aside the immediate effectiveness of the Order on the grounds that the Order, including the need for immediate effectiveness, is not based on adequate evidence but on mere suspicion, unfounded allegations, or error.

In the absence of any request for hearing, or written approval of an extension of time in which to request a hearing, the provisions specified in Section IV above shall be final 20 days from the date of this Order without further order or proceedings. If an extension of time for requesting a hearing has been approved, the provisions specified in Part IV of this Order shall be final when the extension expires if a hearing request has not been received. An answer or a request for hearing shall not stay the immediate effectiveness of this order.

Dated at Rockville, Maryland this 27th day of September 1995.

For the Nuclear Regulatory Commission.

Hugh L. Thompson, Jr.,

Deputy Executive Director for Nuclear Materials Safety, Safeguards, and Operations Support.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-36295; File No. SR-CBOE-95-51]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Incorporated Relating to the Listing and Trading of Options on the CBOE Automotive Index

September 28, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,²

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on August 31, 1995, the Chicago Board Options Exchange, Incorporated ("CBOE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade options on the CBOE Automotive Index ("Automotive Index" or "Index"). The text of the proposed rule change is available at the Office of the Secretary, the Exchange, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Section (A), (B), and (C) below, of the most significant aspects of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of the proposed rule change is to permit the Exchange to list and trade cash-settled, European-style³ stock index options on the Automotive Index.

Index Design

The Automotive Index consists of ten companies involved in the design and manufacture of automobiles and automotive parts (replacement and original equipment).⁴ All of the stocks currently comprising the Index currently trade on the New York Stock Exchange ("NYSE"). No proxy for the performance of this industry group is currently available in the U.S. exchange-traded derivatives markets, and the Exchange believes that options on the

Index will provide investors with a low-cost means to participate in the performance of or to hedge the risk of investments in this sector.

The components comprising the Index ranged in capitalization from \$2.3 billion to \$36.4 billion as of July 31, 1995. The total capitalization as of that date was \$112.2 billion; the mean capitalization was \$11.2 billion; and the median capitalization was \$4.8 billion. The largest component accounted for 20% of the total weighting of the Index, while the smallest accounted for 5.00%. The top five components accounted for 68.33% of the total weight of the Index.

Index Calculation

The Index will be calculated by CBOE or its designee on a real-time basis using last-sale prices and will be disseminated every 15 seconds by CBOE. If a component security is not currently being traded on its primary market, the most recent price at which the security traded on such market will be used in the Index calculation.

The Index is calculated on a "modified equal-dollar-weighted" method. Each of the ten component securities is represented in dollar amounts that approximate the relative sizes of the companies in the Index. The Exchange believes that this methodology will present a fair representation of the automotive industry without assigning excessive weight to the top three securities (GM, F, and C), as measured by market capitalization. The initial component weights, and the weights at the time of the last quarterly rebalancing on June 16, 1995, were: GM—20%, F—17.5%, C—12.5%, GT—10%, ETN—8.33%, GPC—8.33%, TRW—8.33%, DCN—5%, ECH—5%, and MGA—5%.

The value of the Index equals the current combined market value (based on U.S. primary market prices) of the assigned number of shares of each of the components in the Index divided by the current Index divisor. The Index divisor was initially calculated to yield a benchmark value of 150.00 at the close of trading on December 16, 1994. The value of the Index at the close on July 31, 1995, was 179.93.

Maintenance

The Index will be maintained by CBOE. To maintain continuity in the Index following an adjustment to a component security, the divisor will be adjusted. Changes which may result in divisor changes include, but are not limited to, certain rights issuances, quarterly re-balancing, and component security changes.

The Index is re-balanced after the close of business on Expiration Fridays on the March Quarterly Cycle. In addition, the Index will be reviewed on approximately a monthly basis by the CBOE staff. The CBOE may change the composition of the Index at any time to reflect changes affecting the components of the Index or the Automotive industry generally. If it becomes necessary to remove a component from the Index, every effort will be made to add a component that preserves the character of the Index. In such circumstances, CBOE will take into account the capitalization, liquidity, volatility, and name recognition of the proposed replacement component. CBOE will not decrease the number of components to less than 9 nor increase the number of components to more than 13. All replacement securities will be "reported securities" as defined in Rule 11Aa3-1 of the Securities Exchange Act of 1934.

Additionally, the Exchange will not make any composition change to the Index that would result in less than 80% of the number of components or 90% of the weight of the Index satisfying the initial listing criteria in CBOE Rule 5.3 (for components which are not the subject of standardized options trading) or the maintenance criteria in CBOE Rule 5.4 (for components which are currently the subject of standardized options trading).

Index Option Trading

The Exchange proposes to base trading in options on the Automotive Index on the full value of that Index. The Exchange may list full-value long-term index option series ("LEAPS"), as provided in Rule 24.9. The Exchange also may provide for the listing of reduced-value LEAPS, for which the underlying value would be computed at one-tenth of the value of the Index. The current and closing index value of any such reduced-value LEAPS will, after such initial computation, be rounded to the nearest one-hundredth.

Exercise and Settlement

Automotive Index options will have European-style exercise and will be "A.M.-settled index options" within the meaning of the Rules in Chapter XXIV, including Rule 24.9, which is being amended to refer specifically to Automotive Index Options. The proposed options will expire on the Saturday following the third Friday of the expiration month. Thus, the last day for trading in an expiring series will be the second business day (ordinarily a Thursday) preceding the expiration date.

³ European-style options can only be exercised during a specified period before the options expire.

⁴ The components of the Index are: Chrysler Corporation Holding Co. ("C"); Dana Corp. ("DCN"); Echlin Inc. ("ECH"); Eaton Corp. ("ETN"); Ford Motor Co. ("F"); General Motors Corp. ("GM"); Genuine Parts Co. ("GPC"); Goodyear Tire and Rubber Co. ("GT"); Magna International Inc. ("MGA"); and TRW Inc. ("TRW").

Exchange Rules Applicable

Except as modified herein, the Rules in Chapter XXIV will be applicable to Automotive Index options. In accordance with Chapter XXIV of CBOE's Rules, the Index will be treated as a narrow-based index for purposes of policies regarding trading halts and suspensions,⁵ and margin treatment.⁶

Index option contracts based on the Automotive Index will be subject to the position limit requirements of Rule 24.4, pursuant to which position and exercise limits for options on the Index would currently be set at 7,500 contracts. Positions in Index LEAPS will be aggregated with positions in Index options on a one-for-one basis. Ten reduced-value options will equal one full-value contract for purposes of aggregating positions.

CBOE has the necessary systems capacity to support new series that would result from the introduction of the Automotive Index options. CBOE has also been informed that OPRA has the capacity to support such new series.

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general and furthers the objectives of Section 6(b)(5) in particular in that it will permit trading in options based on the Automotive Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices and to promote just and equitable principles of trade.

The rule proposal will also serve to further these objectives by providing investors with the ability to invest in options based on an additional index.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition.

(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and

publishes its reasons for so finding or (ii) as to which the self-regulatory organization consent, the Commission will:

(A) By order approve such proposed rule change, or

(B) Institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying at the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of the CBOE. All submissions should refer to SR-CBOE-95-51 and should be submitted by October 26, 1995.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 95-24716 Filed 10-4-95; 8:45 am]

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[Release No. 34-36302; File No. SR-CBOE-95-34]

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Chicago Board Options Exchange, Inc., Relating to the Interruption of the Retail Automated Execution System Following Certain Analyst's Reports

September 29, 1995.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 15 U.S.C. 78s(b)(1), notice is hereby given that on July 12, 1995, the Chicago Board Options Exchange, Inc. ("CBOE" or "Exchange") filed with the Securities and Exchange Commission

("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The CBOE proposes to promulgate a policy concerning the application of CBOE Rule 6.6, "Unusual Market Conditions," in the circumstance where the Exchange has determined that the televised reporting of a particular securities analyst has had a regular, albeit short-lived, destabilizing impact on the options market.¹ Specifically, the Exchange proposes to declare a "fast" market for a short period of time each day for options of the class or classes of stock(s) identified in the analyst's report and to temporarily deactivate the Exchange's Retail Automated Execution System ("RAES") for the affected options until the stock prices in the primary market and options prices in RAES have adjusted, which is likely to occur within one or two minutes following the report. The Exchange plans to announce the policy through a regulatory circular to its members.

The text of the proposal is available at the Office of the Secretary, CBOE, and at the Commission.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C), of the most significant aspects of such statements.

¹ CBOE Rule 6.6 allows two or more floor officials, because of an influx of orders or other unusual conditions or circumstances, and in the interest of maintaining a fair and orderly market, to declare the market in one or more classes of option contracts to be "fast." Under CBOE Rule 6.6, the floor officials declaring the fast market have the power to take actions that are deemed necessary in the interest of maintaining a fair and orderly market.

⁵ See CBOE Rule 24.7.

⁶ See CBOE Rule 24.11.

⁷ 17 CFR 200.30-3(a)(12).